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FREE TRADE AGREEMENT

On October 5, 1987, an historic trade agreement was formally announced between our country and the United States. Once in effect, this agreement will have a profound effect on all aspects of the Canadian and Alberta economies — and in the great majority of cases, the changes will be very much for the better.

The free trade agreement will undoubtedly have a positive impact here in Alberta. Each of our most important economic sectors should benefit from the increased opportunities presented by the free trade agreement. Let's take a look at free trade and the province's number one industry — agriculture.

The importance of the United States market to our agricultural economy cannot be overstated. Alberta's agri-food exports to the U.S. were valued at \$372 million in 1986, almost one quarter of our total agricultural exports. Access to the U.S., our largest agricultural market, is vital to the future development of our agri-food industry.

Under the free trade agreement, we have obtained more secure access to the United States market for our major agricultural and food exports, such as meat and livestock, grains and oilseeds. At the same time, we have maintained the existing marketing systems for dairy and poultry products and the right to implement new supply management programs and import controls in accordance with existing GATT rules.

The free trade agreement provides for the elimination of all Canada/U.S. agricultural tariffs over 10 years, except in the case of the Canadian fresh fruit and vegetables sector, which has been given extended protection over a 20-year period. This gradual phase-out of tariffs will allow farmers ample time to make adjustments as needed.

Removal of the tariffs will be especially beneficial for the Alberta agri-food processing industry. By promoting this sector, the agreement will contribute to the province's economic diversification and stability.

Alberta meat and livestock producers, too, will benefit greatly under free trade. Beef exports between the two countries will be exempt from restrictions, ensuring our beef and veal year-round access to the U.S. market. The U.S., which imported \$160 million worth of Alberta beef and live cattle last year, is by far our largest export market for those products. Secure access as provided under the free trade agreement is basic to the continued good health of our beef industry.

Alberta exports of swine, pork and pork products to the U.S. were worth approximately \$90 million in 1986. Our pork producers are only too well aware of the disruptions caused by several U.S. states through the misuse of technical regulations as barriers to trade. The new agreement would prevent a reoccurrence of the chloramphenicol issue or the advent of any new misuse of regulations to block our pork exports.

Although at present the U.S. is a relatively small market for Canadian grain and oilseed exports, Alberta producers will certainly benefit from the free trade agreement. The removal of U.S. tariffs on products such as canola oil, specialty oats, malting barley and wheat will increase sales for our producers. The agreement between the two countries to take one another's export interests into account in dealings with third countries will further benefit our grain industry.

Over time, these long-term benefits will more than outweigh the agreement's short-term disadvantage to grain and oilseed producers in terms of elimination of some Western Grain Transportation Act payments. I am convinced that, once we have established a level playing field, Alberta grain and oilseed producers and processors will be more than able to compete with their American counterparts.

There has been considerable debate across the country as to the wisdom of pursuing free trade between Canada and the United States. In my view, any doubts about the agreement are easily removed.

It is certainly true that we do not yet have all the answers on free trade. We cannot as yet know all the advantages and the disadvantages inherent in the agreement from our country's point of view. We do, however, know where we would likely stand without such an agreement.

Alberta supports free trade with the United States because it is clear to us that maintaining the status quo is simply not a viable option in the face of increasing U.S. protectionism.

Access to the U.S. market is vital to the very survival of such industries as agriculture. In the wake of numerous attempts made by American special interest groups in recent years to block our agricultural exports, the Alberta Government has strongly supported the free trade initiative, and continues to do so.

I urge all Albertans of vision to demonstrate their confidence in our province — in the strength of our people and of our resources — by expressing their support for this historic agreement. Through freer trade with the United States, and with all other nations, lies prosperity for Canada and for the province of Alberta.